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Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 IO-13 ISO-00 CIAE-00 COME-00 EB-08
INR-10 LAB-04 NSAE-00 SIL-01 DODE-00 PM-05 H-01
L-03 NSC-05 PA-01 SP-02 SS-15 ICA-11 OMB-01
TRSE-00 SSM-03 /106 W
----------084443 031112Z /17
R 021019Z APR 78
FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC 2337
INFO AMEMBASSY AMMAN
AMEMBASSY CAIRO
AMEMBASSY DAMASCUS
AMEMBASSY JIDDA
AMEMBASSY LONDON
AMCONSUL JERUSALEM
USMISSION USUN NEW YORK
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E.O.11652: N/A
TAGS: ELAB, PINT, IS
SUBJ: LABOR TROUBLES BECOME MORE ACUTE

REF: (A) TEL AVIV 3303, (B) TEL AVIV 3193, (C) TEL AVIV 4216

1. SUMMARY: NOTWITHSTANDING THE RATIFICATION OF A WAGE AGREEMENT FOR THE PRIVATE SECTOR, INDICATIONS THAT THE THREE MONTHS OLD MARITIME STRIKE IS ABOUT TO COME TO AN END, AND THE CANCELLATION OF A ONE DAY CIVIL SERVICE STRIKE, MOST SIGNS POINT TO AN EARLY END OF THE UNEASY LABOR TRUCE, PARTICULARLY IN THE PUBLIC SECTOR. STRIKES ARE NOW SCHEDULED OF JOURNALISTS AND TEACHERS. DESPITE A TACIT AGREEMENT BETWEEN GOVERNMENT AND HISTADRUT TO SETTLE THE UPCOMING WAGE AGREEMENT FOR THE PUBLIC SECTOR ON APPROXIMATELY THE SAME 12-15 PERCENT BASIS GRANTED TO
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THE PRIVATE SECTOR, BOTH SIDES REMAIN HUNG UP ON THE LARGER POLITICAL QUESTION OF HOW TO MAKE THE NEW CONTRACT STICK. THIS INVOLVES QUESTIONS OF COMPULSORY VERSUS VOLUNTARY ARBITRATION; HISTRADRUT RESPONSIBILITY FOR LIMITING DEMANDS OF ITS AFFILIATES AND THE MORE MILITANT WORKS COUNCILS; THE GOVERNMENT'S READINESS TO MODERATE INFLATION BY MAINTAINING SUBSIDIES, AND HOLDING DOWN COSTS OF GOVERNMENT SERVICES, AND TAXES; AND HOW

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WELL THE GOVERNMENT WILL MANAGE THE INCREASINGLY OBVIOUS DIVISIONS REGARDING WAGE-PRICE-SOCIAL SERVICE POLICIES WITHIN ITS OWN COALITION. (END SUMMARY).

2. THE FIRST STRIKE LIKELY TO INCONVENIENCE THE PUBLIC COULD BE THAT OF JOURNALISTS AND TELEVISION AND RADIO NEWS BROADCASTERS WHICH IS SCHEDULED TO START ON EVE OF APRIL 1. GOVERNMENT, UNION AND EMPLOYERS ARE CONTINUING NEGOTIATIONS UP TO CONTRACT DEADLINE, BUT THE LATEST REPORT IS THAT BOTH SIDES ARE STILL FAR APART AND THE OUTCOME IS UNCERTAIN. THE ISRAELI PUBLIC, HIGHLY ADDICTED TO CONTINUING NEWS SERVICES, IS LIKELY TO FEEL DEPRIVED BY THE ABSENCE OF THIS SERVICE, ALTHOUGH THE IDF RADIO STATION WILL MAINTAIN LIMITED NEWS SERVICES. NEXT WILL LIKELY BE THE TEACHERS, SCHEDULED TO STRIKE FOR ONE DAY ON APRIL 6. FOLLOWING PASSOVER VACATION, HOWEVER, THEY MAY CLOSE DOWN THE ENTIRE SCHOOL SYSTEM (NURSERY SCHOOLS, KINDERGARTENS, PRIMARY AND SECONDARY SCHOOLS) UNTIL THE END OF THE SCHOOL YEAR. THEIR AVERAGE WAGES ARE ABOUT IL4,100 PER MONTH AND THEY WANT A 30 PERCENT INCREASE PLUS THE THE ALLOWANCES PAID TO OTHER PROFESSIONAL GROUPS. THE GOVERNMENT PLANS TO RESIST THESE DEMANDS, BUT A PROLONGED SHUTDOWN OF THE SCHOOLS WOULD BE A CONSIDERABLE INCONVENIENCE TO THE PUBLIC. MINISTER OF EDUCATION HAMMER HAS ALREADY ENDORSED IN PRINCIPLE AN ABOVE AVERAGE WAGE INCREASE FOR THE TEACHERS, NEARLY A THIRD OF WHOM BELONG TO THE NRP (HAMMER'S PARTY); THUS THE ISSUE COULD CAUSE STRAINS WITHIN THE COALITION.

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3. THE PUBLIC SERVICES AND PROFESSIONAL TRADE UNIONS SUCH AS TEACHERS AND JOURNALISTS CONTINUE TO BE IN A STATE OF FERMENT, WITH LABOR PARTY AND HERUT ELEMENTS COMPETING IN RESISTING ANY TENDENCY TOWARD COMPROMISE WITH EITHER THE GOVERNMENT OR THE HISTADRUT. THIS SITUATION WAS NOT CHANGED WHEN ON MARCH 29 LIKUD MK MEIR COHEN (WHO HAD BEEN APPOINTED BY IMMIGRATION ABSORBTION MINISTER DAVID LEVY) (REFTEL A) ANNOUNCED HIS ARBITRATION DECISION SUPPORTING THE CLAIM OF 6,000 POSTAL WORKERS TO THE SAME SALARY INCREASE (40 PCERCENT) WHICH WAS GRANTED TO THE CIVIL AVIATION PERSONNEL IN DECEMBER 1977. THE BASIS OF HIS DECISION WAS A CONTRACT STIPULATION THAT POSTAL WORKERS WOULD BENEFIT FROM ANY SUBSEQUENT WAGE INCREASE GRANTED TO OTHER GOVERNMENT EMPLOYEES PERFORMING COMPARABLE DUTIES. THE SITUATION WAS FURTHER COMPOUNDED WHEN THE NEXT DAY THE GOVERNMENT-HISTADRUT ARBITRATION INSTITUTE RULED THAT CERTAIN EMPLOYEES OF THE CUSTOMS, TAX, AND STATE REVENUE DEPARTMENTS WERE ENTITLED TO SPECIAL WAGE INCREMENTS OF 12-30 PERCENT RETROACTIVE TO JANUARY 12. BOTH DECISIONS ARE

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ARE LIKELY TO PLAY HAVOC WITH THE CIVIL SERVICE SALARY SYSTEM WHILE LEAVING RESPONSIBILITY FOR DETERMINING PRECISELY WHO WILL BE ENTITLED TO THESE INCREASES TO THE CIVIL SERVICE COMMISSION.

4. THE CIVIL SERVICE COMMISSIONER WANTS TO LIMIT THE NUMBER OF BENEFICIARIES OF THESE RULINGS TO AS FEW AS POSSIBLE BY SETTING STRICT STANDARDS OF JOB EVALUATION AND COMPARABILITY. THE CIVIL SERVICE UNIONS, HOWEVER, INSIST THAT THE AWARDS BE APPLIED ACROSS THE BOARD TO ALL POSTAL AND TREASURY EMPLOYEES AS WELL AS TO THE EMPLOYEES OF ALL ACCOUNTING DEPARTMENTS OF OTHER GOVERNMENT AGENCIES. IN RESPONSE, THE GOVERNMENT HOPES TO DRAW OUT NEGOTIATIONS AND LITIGATIONS OVER THESE ISSUES UNTIL THE CURRENT ROUND OF PUBLIC SERVICE WAGE NEGOTIATIONS BETWEEN THE CIVIL SERVICE COMMISSION AND THE HISTADRUT IS COMPLETED IN ORDER NOT TO ENCOURAGE ADDITIONAL DEMANDS. HOWEVER, THE PROFESSIONAL AND CIVIL
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SERVICE UNIONS CLAIM THAT DESPITE LAST YEAR'S SUBSTANTIAL INCREASES THEIR REAL EARNINGS HAD NOT RISEN ABOVE 1971 LEVEL. SHOULD THE PROFESSIONALS SUCCEED IN BREAKING THE 15 PERCENT CEILING, THIS WOULD ALMOST INEVITABLY FORCE THE REOPENING OF NEGOTIATIONS

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IN THE PRIVATE SECTOR, WITH UNPREDICTABLE INFLATIONARY RE-
PERCUSSIONS ON THE ENTIRE ECONOMY.

5. CIVIL SERVICE COMMISSIONER FRIEDMAN TOLD HISTRADRUT SECRETARY
GENERAL MESHEL THAT IF THE HISTADRUT IS UNWILLING TO NEGOTIATE
A GENERAL AGREEMENT SETTING A CEILING FOR SALARY INCREASES IN
THE PUBLIC SERVICE, WHICH WOULD COVER ABOUT ONE THIRD OF THE
LABOR FORCE, THE GOI WOULD START NEGOTIATING SEPARATE
CONTRACTS WITH THE DIFFERENT UNIONS AND WORKS COUNCILS. IN THAT
CASE IT WOULD ALSO INTRODUCE COMPULSORY ARBITRATION LEGISLATION,
WHICH THE HISTADRUT DOES NOT WANT AND WHICH WOULD NOT BE VERY
EFFECTIVE, BUT WHICH WOULD PROVIDE A BASIS FOR GOVERNMENT RESORT
TO EMERGENCY MEASURES WHEREVER VITAL SERVICES ARE AFFECTED.
THE COMMISSIONER WANTS ASSURANCES OF GOI-HISTADRUT COOPERATION
IN CURBING EXCESS WAGE DEMANDS AND IN FORCING UNIONS WHICH RE-
FUSE TO SETTLE ON THE TERMS OF THE PUBLIC SERVICE AGREEMENT TO
SUBMIT THEIR CLAIMS TO ARBITRATION ON THE BASIS OF AN EXISTING
ARBITRATION AGREEMENT FOR THE PUBLIC SECTOR. HE HAS IMPRESSED
MESHEL WITH THE FACT THAT SEPARATE NEGOTIATIONS
COULD SUBSTANTIALLY WEAKEN THE CENTRAL AUTHORITY OF THE
HISTADRUT AND ITS TRADE UNION DEPARTMENT AND THAT THIS WOULD NOT
BE IN THEIR MUTUAL INTEREST. MOREOVER, IF THE NEGOTIATIONS
FAIL THE GOVERNMENT WOULD THEN LIFT ITS PRESENT RESTRAINTS ON
INTRODUCING LEGISLATION LIKELY TO WEAKEN THE HISTADRUT'S CONTROL
OVER ITS VARIOUS ENTERPRISES AND INSTITUTIONS.

6. MESHEL AND FINANCE MINISTER EHRLICY MET ON MARCH 30 AND
AGREED TO SET UP A JOINT COMMITTEE TO DISCUSS THE TEMPORARY
FREEZING OF TAXES, PRICES OF BASIC COMMODITIES, SUBSIDIES,
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POSTAL AND TELEPHONE RATES, AND THE COSTS OF OTHER GOVERNMENT
AND PUBLIC UTILITY SERVICES. HOWEVER, ON OTHER ISSUES THERE
WAS NO NOTABLE PROGRESS. A SPECIAL CABINET COMMITTEE ON
WAGES AND SALARIES IS SCHEDULED TO MEET ON APRIL 2 TO ADOPT
GUIDELINES FOR WAGE NEGOTIATIONS. THIS COULD EXPOSE SHARP
DIFFERENCES BETWEEN THE LIBERALS AND THE LIKUD AND UNDOUBTEDLY
FINANCE MINISTER EHRLICH WOULD PREFER TO RETAIN A FREE HAND IN
NEGOTIATING RATHER THAN BEING LIMITED BY A CABINET DIRECTIVE.

7. COMMENT: BASED ON THEIR PERCEPTION OF DISSENSION WITHIN
THE GOVERNMENT COALITION, MESHEL AND A NUMBER OF LABOR PARTY
LEADERS APPARENTLY THOUGHT THEY COULD TAKE ADVANTAGE OF THESE
DIFFERENCES TO GET MORE CONCESSIONS FROM THE GOVERNMENT AND
COULD USE THEIR BARGAINING POSITION TO PROMOTE A POSSIBLE LIBERAL-
HERUT SPLIT AND THUS HELP TO ENCOURAGE A NEW ALLIANCE AGAINST
BEGIN ON THE BASIS OF DOMESTIC RATHER THAN FOREIGN POLICY ISSUES.
HOWEVER, THE ATMOSPHERE HAS CHANGED, AT LEAST FOR THE MOMENT,
LARGELY DUE TO THE RELUCTANCE OF BOTH THE LIBERALS AND THE DMC
TO BREAK WITH BEGIN, PERHAPS BECAUSE ISRAEL SEES ITSELF

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INCREASINGLY ISOLATED AND UNDER SIEGE. WHILE THIS CHANGE MAY
NOT RESOLVE THE CONFLICTS WITHIN THE COALITION AND MAY
HAVE LITTLE IMPACT ON THE CURRENT ROUND OF LABOR CONFLICTS, IT
IS DAMPENING LABOR'S HOPES OF ACHIEVING SUCH A SPLIT THROUGH
ITS HANDLING OF WAGE NEGOTIATIONS.
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